

PLGarlett
CC:INTL:Br2

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[REDACTED]
INTL-0639-88

You requested our assistance in determining whether a taxpayer that uses a 52-53 week taxable year may, under section 441(f) of the Code, include in its taxable year ended [REDACTED], an amount deemed to be distributed from its wholly-owned DISC on [REDACTED]. The DISC had two taxable years that ended in 1984; one on [REDACTED], and the other on [REDACTED]. If the taxpayer is allowed to include the deemed distribution from the DISC for the DISC's tax year ended [REDACTED], in its taxable year ended [REDACTED], the deemed distribution will go untaxed because the taxpayer is in an "Alternative Tax" situation for that year. We have attached a memorandum, prepared by the branch that has jurisdiction over section 441, which concludes that section 441(f) does not permit the [REDACTED] deemed distribution to be included in the taxpayer's taxable year ended [REDACTED]. Rather, the deemed distribution must be included in the taxpayer's tax return for the following taxable year which ended on [REDACTED].

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